

ACTION EUR-00

INFO	LOG-00	EEB-00	AID-00	CEA-01	CIAE-00	COME-00	CTME-00
	INL-00	DODE-00	DOEE-00	PERC-00	DS-00	EAP-00	DHSE-00
	EXIM-01	E-00	FBIE-00	VCI-00	FO-00	FRB-00	H-00
	TEDE-00	INR-00	IO-00	ITC-01	LAB-01	MOFM-00	MOF-00
	VCIE-00	NSAE-00	ISN-00	OMB-00	NIMA-00	SCT-00	ISNE-00
	DOHS-00	FMPC-00	SP-00	SSO-00	SS-00	STR-00	BBG-00
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E.O. 12958: DECL: 10/16/18  
TAGS: [EFIN](#) [PREL](#) [EUN](#) [FR](#)  
SUBJECT: AMBASSADOR-LEVITTE DISCUSSION ON CAMP DAVID MEETING  
  
REF: PARIS 01895

CLASSIFIED BY EMIN SETH WINNICK FOR REASONS 1.4 B AND D.

¶1. (C) In an October 16 meeting, Elysee Diplomatic Advisor Levitte told Ambassador he sees the October 18 meeting between President Sarkozy, European Commission President Barroso and President Bush as a brainstorming session on the summit recently agreed to by the G8. The French objective for the summit is to begin the work on building a better international financial system equipped to avoid a repeat of the current future crisis.

¶2. (C) President Sarkozy has argued that the world cannot afford to wait until a new U.S. President is in place to begin this work. In any event, Levitte said, the summit will almost certainly not be conclusive, but could reach agreement on issues on which there is already near-consensus ("an early harvest"), and initiate a process of working groups leading to resolution of further issues at a subsequent summit. At Camp David, participants need to agree on the summit agenda and a preparatory process. Levitte expressed the view that a late November date would allow one month for intensive preparation by finance ministers, central bankers, sherpas etc.

¶3. (C) Levitte was unwilling to go too deeply into French objectives for the reform process which he said was the domain of Elysee economic advisor Francois Perol. However, he underlined the idea that the IMF should evolve into a "regulator of regulators." The agenda for the summit should be correcting and improving systems that have failed, including accounting standards (mark to market), rating agency practices and executive remuneration. Sarkozy's intention in his repeated promise to "refund capitalism," Levitte said, is to create a system that fosters and supports entrepreneurship rather than speculation.

¶4. (C) Note: In his Brussels press conference at the conclusion of the European Council earlier today, President Sarkozy said he had received a mandate from the 27 EU Member States to refund a new capitalism and reform the global financial system. He detailed areas requiring attention, including remuneration, rating agencies, regulation of hedge funds and sovereign wealth funds, tax havens, supervision of cross-border transactions, role of the international financial institutions, reserve currencies and international exchange rate regimes. He called for G4 coordination as key to defining an EU-wide position. End Note.

¶5. (C) On format, the French want to reach agreement on participation with the USG this weekend. President Sarkozy has always said China must be included. Levitte posed the key issue as whether to invite the other four partners with which the G8 already has some experience (G8 plus 5), accept the UK proposal of a G20 meeting, or invent a new format. In terms of venue, the French favor New York. On timing, Levitte said a date just before the Lima APEC summit might be

optimal.

¶6. (C) In addition to the global summit, President Sarkozy wants to review both the immediate financial crisis and the threat to the real global economy. He made the observation that the coordinated action to support banks and supply liquidity by the U.S. the UK and the Eurozone appeared to be taking hold. He told the Ambassador that the Eurozone summit in Paris last Sunday was the first ever such meeting.

After the meeting, Sarkozy said to Levitte that this group might become the mechanism for the economic governance of Europe. Levitte underlined that the European Council underlined that there was be full EU support at the Council for the Eurozone plan and full Eurozone support for the new member states, citing the ECB's 5 billion euro swap facility extended to Hungary to stem its financial sector crisis.

¶7. (C) In concluding, Levitte stressed that while the Camp David meeting will be short, the French delegation is "coming to work" and reach agreement on the parameters for the G8-agreed summit. He confirmed that the French Delegation will include Levitte, Senior Economic Advisor Francois Perol, speechwriter Henri Guaino, Economics Minister Christine Lagarde and Treasury Director Xavier Musca. Commission President Barroso will be joined by his chief of staff and his senior economic advisor.

STAPLETON